Securities Industry Trends

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AN ANALYSIS OF EMERGING TRENDS IN THE SECURITIES INDUSTRY
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A Summary of The New York Securities Industry: Its Contribution To New York State And City

Highlights

1. By 1983, including jobs created in related industries, the New York based securities industry accounted for one in six of all private sector jobs in the City.

2. At the end of 1983, the New York based securities industry accounted for $7.5 billion in borrowing from New York City banks, 6.6% of all the lending activity of these institutions.

3. At the end of 1983, the New York based securities industry leased 24.2 million square feet of office space or 8.1% of all the rented office space in Manhattan.

4. Employee compensation, at both the clerical and professional levels, is consistently higher in New York than in the remainder of the country, as are expenses per employee.

5. The New York based securities industry, including linkage effects, contributed from $60-$68 billion to the economy of the region in 1983.

6. Total City and State taxes paid by the industry in 1983 were between $570-$587 million and, including linkage effects, contributed about $2.4 billion or about 9.9% of all taxes collected at the City and State levels.

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Introduction

This issue of Securities Industry Trends will summarize the recently completed study, The New York Securities Industry: Its Contribution to New York State and City. The full study was commissioned by SIA's New York District and prepared by Professor Allan Young, Syracuse University, along with Jeff Schaefer and David Strongin of SIA's Research Department. The purpose of the study was to measure the contribution of the New York based securities industry to the economy of New York State and City.

Due to the study's length, this issue of Trends will only cover data on the contribution of the securities industry to New York City and State employment, tax revenues, office space, and New York's role as a financial center. Copies of the full report can be acquired by completing an order form, which is included in your package.

Methodology

For the most part, the data collected for this study were obtained from questionnaires sent to a sample of New York District Securities Industry Association member firms and a series of interviews with industry leaders. These data and the projections based upon them were checked for reasonableness against a series of published and unpublished sources (principally, aggregated FOCUS Reports). The questionnaire was completed by 74 firms, most of whom are among the largest firms in the industry. In many instances, the questionnaire results were used to project figures representative of the entire New York based securities industry.1/

Employment Data

Employment statistics for the securities industry from 1973 to 1983 show an increase in New York State and City. During recent years, employment growth for the industry has been particularly strong in both the State and City (Table 1). However, there was a slight decline in the proportion of New York State industry personnel working in New York City.

1/Projections, or the expansion factors, were based upon the relationship between the New York employment figures for responding firms in our survey and the U.S. Department of Labor benchmark figures for New York securities industry employment. For U.S. Department of Labor purposes, the securities industry is a sub-category of "financial services."

Table 1

Securities Industry Personnel (in thousands):
Security and Commodity Brokers and Services

	N.Y. State	Change From Prior Year (N.Y. State)	N.Y. City	Change From Prior Year (N.Y. City)	N.Y. City as % of N.Y. State
Dec. 1973	77.4	-	74.5	-	96.3%
1974	69.0	-10.9%	66.1	-11.3%	95.8
1975	69.4	.6	67.0	1.4	96.5
1976	72.8	4.9	70.1	4.6	96.3
1977	73.3	.7	70.2	.1	95.8
1978	77.0	5.1	73.7	5.0	95.7
1979	82.1	6.6	78.4	6.4	95.5
1980	94.8	15.5	90.0	14.8	94.9
1981	105.0	10.8	99.6	10.7	94.9
1982	108.9	3.7	102.7	3.1	94.3
1983	122.2	12.2	115.0	12.0	94.1

Source: U.S. Department of Labor, Bureau of Labor Statistics and New York State Department of Labor.

In New York City, from 1980 to 1983, employment increased by 25,000 jobs in security and commodity brokerage and allied services. Using a multiplier of 3 to 1 for the securities industry,[2] 75,000 additional jobs may have been created. In other words, the securities industry contributed, directly and indirectly, 100,000 jobs to New York City from 1980 to 1983. This represents more than twice the increase in total private employment in New York City from 1980 to 1983.[3]

The service sector's proportion of total New York City private employment climbed from 19% in 1958 to 34% in 1983 (Table 2). This trend contrasts sharply with the drop in the percentage of manufacturing employment to total private employment. Furthermore, it is clear that securities industry employment is becoming more important within the service sector and in relation to total private employment in New York City.

During 1983, direct employment in the New York City based securities industry was 115,000 and indirect employment, based on the multiplier effect, was 345,000. This accounted for 16% of total private employment in New York City.

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[2] Multipliers of from 2-1/2 to 1 to 3 to 1 have been used in various studies of the securities industry such as those produced by the NYSE, and the New York City Economic Development Administration. The proximity of most estimates in this study show the contribution of the New York based securities industry to be consistent with estimates produced by these organizations through entirely different computational procedures. However, a somewhat lower multiplier would not alter the general trends in the study nor the nature of the conclusions reached.

[3] Bureau of Labor statistics put total private employment growth from 1980 to 1983 at 48,400.

Table 2

New York City Employment Trends (in thousands)

Year End	Total Private Employment	Manuacturing	Percent of Manufacturing to Total Private Employment	All Services	Percent of All Services to Total Private Employment	Security and Commodity Brokers and Services	Percent of Security and Commodity Brokers and Services to all Services	Percent of Security and Commodity Brokers and Services to Total Private Employment
	(1)	(2)	(2)/(1)	(3)	(3)/(1)	(4)	(4)/(3)	(4)/(1)
1958	3,125.3	955.2	30.6%	585.7	18.7%	42.1	7.2%	1.4%
1965	3,170.9	863.5	27.2	691.2	21.8	57.2	8.3	1.8
1970	3,132.5	730.1	23.3	782.5	25.0	83.2	10.6	2.7
1971	3,029.6	682.9	22.5	775.5	25.6	87.2	11.2	2.9
1972	3,038.8	668.5	22.0	797.1	26.2	87.6	11.0	2.9
1973	2,952.1	631.7	21.4	793.4	26.9	74.5	9.4	2.5
1974	2,813.3	551.8	19.6	785.3	27.9	66.1	8.4	2.4
1975	2,723.9	539.6	19.8	772.8	28.4	67.0	8.7	2.5
1976	2,711.1	532.2	19.6	779.6	28.8	70.1	9.0	2.6
1977	2,723.2	534.4	19.6	803.8	29.5	70.2	8.7	2.6
1978	2,778.4	528.3	19.0	846.7	30.5	73.7	8.7	2.7
1979	2,798.4	504.7	18.0	880.5	31.5	78.4	8.9	2.8
1980	2,837.0	483.5	17.0	924.5	32.5	90.0	9.7	3.2
1981	2,877.1	469.5	16.3	953.8	33.2	99.6	10.4	3.5
1982	2,843.2	430.5	15.1	964.0	33.9	102.7	10.7	3.6
1983	2,885.4	430.8	14.9	987.1	34.2	115.0	11.7	4.0

Source: New York State Department of Labor

Among our responding firms, there was a dramatic increase of 43% in employment from 1980-1983 (Table 3). The employment climb experienced by these responding New York City firms was somewhat greater than the 37% increase for securities firms located throughout the U.S.[4/]

Table 3

Increase in Securities
Industry Employment for Responding Firms, 1980-1983

New York Metropolitan Area Employment	1980	1983	Percentage Increase from 1980-1983
30 or less	323	397	22.9%
31 to 100	509	612	20.2
101 to 1,000	7,172	9,459	31.9
1,001 or more	41,386	60,339	45.8
Totals	49,390	70,807	43.3%

The impressive increase during these years reflects, in part, high industry profitability and the introduction of new products, particularly among the largest firms.

Securities Industry Borrowing

The New York based securities industry also has an important impact upon the local economy as a result of its borrowing activities. Data from the responding firms indicated that larger securities firms tend to engage in borrowing more often than smaller organizations. Also, 58 firms who responded positively to the question "Did you borrow funds during 1983 to finance any business activity?", engaged, at least partially, in borrowing from a New York lending institution (Table 4). Furthermore, data from the questionnaire indicated that the smaller firms were more likely to have a larger percentage of their borrowing from New York sources.

4/Source: FOCUS Report

Table 4

New York Metropolitan Area Employment	Did You Borrow Funds During 1983 to Finance Any Business Activity?	
	Yes	No
30 or less*	11	11
31 to 100	10	1
101 to 1,000	22	3
1,001 or more	15	0
Totals	58	15

* One firm in this category did not respond to this question.

Finally, responding firms indicated that 81% or $4.6 billion of their total borrowing was from New York City Metropolitan area sources. By using the appropriate expansion factor, it is estimated that total borrowing by New York City securities firms in the Metropolitan area was $7.5 billion. This represented 6.6% of the $114.0 billion of all outstanding loans of large New York commercial banks as of December 31, 1983.[5/]

Occupancy Space of the Securities Industry

In terms of the industry's contribution to New York, industry occupancy data reported on the questionnaires was compared to the total rented office space. As of December 31, 1983, there was 309.9 million square feet of total office space on the market. Presuming a vacancy rate of 3.5%, the amount of office space rented in Manhattan was 299.1 million square feet. Securities firms in New York City leased 24.2 million square feet of office space in 1983. It is estimated that the securities industry accounted for 8.1% of all rented office space in New York City. In addition, total occupancy expense by securities firms was estimated at $406.7 million.

5/ Excludes Federal funds.

There is a tendency for occupancy costs per foot to decline as firm size increases (Table 5). This suggests that larger firms may enjoy some economies of scale when it comes to occupancy needs and suggests that larger firms have greater bargaining power with their landlords.

Table 5

Space Occupancy Data for Responding Firms

New York Metropolitan Area Employment	Percentage Increase from 1/1/82 to 12/31/83 for All Firms in Category		Total New York Met. Area Space Occupancy Expense	Space Occupancy Expense Per Square Foot
	In Number of Offices	In Square Feet		
30 or Less	15%	22%	$ 2,097,350	$19.68
31 to 100	60%	12%	1,860,501	18.41
101 to 1,000	19%	47%	27,722,356	18.89
1,001 or More	23%	23%	218,713,210	16.07
Total For All Responding Firms	23%	25%	$250,393,417	$16.38

Securities Industry Revenues and Expenses

Revenues

Prior studies concluded that revenue per employee was greater for smaller firms than larger ones.[6/] Larger firms usually have back office employees, which lowers average revenue per employee. However, this study did not uncover any significant inverse relationship between firm size and revenue per employee.

Revenues per employee were also higher than those found in earlier studies. In large part, this reflects the good years the industry had from 1980-1983. Table 5 below also shows the mean revenue per employee to be considerably greater in 1983 than in 1980. Projected revenues for the entire New York City Metropolitan area based industry for 1980 was $14.3 billion compared with $23.4 billion in 1983.

Expenses

Expense data reported by the responding firms underscored the major contribution of the securities industry to New York State and City. Expense data clearly indicated that employee compensation was a major expense. SIA's Report on Human Resources, Management Practices and Employee Benefits, 1984 shows a 121.3% increase in mean weekly clerical salary from 1970-1983. Mean weekly clerical salary outside of New York City was $279 in 1983 compared to $289 within the city.

6/ Michael Keenan and Lawrence G. Goldberg, The New York Based Securities Industry - 1979 Survey, occasional papers in Metropolitan Business and Finance, No.2, 1980.

Table 6

Revenue Per Employee: Change From 1980 to 1983

	For firms with 30 or less employees working in the New York Metropolitan Area		For firms with 31 to 100 employees working in the New York Metropolitan Area		For firms with 101 to 1,000 employees working in the New York Metropolitan Area		For firms with 1,001 or more employees working in the New York Metropolitan Area		Total for all responding firms	
	1980	1983	1980	1983	1980	1983	1980	1983	1980	1983
Mean Revenue Per Employee	$ 179,509	$ 392,428	$ 133,822	$ 139,259	$ 166,275	$ 190,333	$ 207,065	$ 228,669	$ 171,908	$ 249,754
Mean (Extreme Cases Removed)	$ 179,509	$ 225,040	$ 133,822	$ 139,259	$ 122,750	$ 173,928	$ 166,277	$ 219,846	$ 145,269	$ 191,640

Analyses of data obtained from SIA's Report on Office Salaries in the Securities Industry - 1983 and Management and Professional Earnings in the Securities Industry show similar trends for professional and managerial positions. For example:

Table 7

Job Category	New York City Salary	New York City Bonus	Outside of New York City Salary	Outside of New York City Bonus	Percent Difference Salary	Percent Difference Bonus
Dept. Heads	$39,380	$18,470	$30,155	$12,472	30.6%	48.1%
Operations Dept. Managers	31,069	10,854	25,721	5,891	20.8	84.2
Operations Supervisors	23,087	3,757	18,813	2,469	27.7	52.2

Furthermore, expenses per employee for firm categories generally situated in New York City -- National Full Line, Large Investment Banks and New York City Based Regionals -- are significantly higher than those of Regionals (Table 8).

Mean expenses per employee for the total securities industry for 1983 were $131,108. Multiplying this figure by 1983 New York City employment in the securities industry provides estimated total New York expenses of the securities industry of $15.1 billion. Given the multiplier effect, the total contribution of the securities industry to the New York economy was $60.4 billion in 1983.

The $60.4 billion can be refined further, regional firms have lower expenses per employee than the total industry. A more useful overall estimate of the contribution of the N.Y. based securities industry may be acquired by excluding regionals. Thus, taking the mean for 1983 (excluding regionals), and using the same procedure as above, an estimate of $16.9 billion was obtained for expenses of the N.Y. based securities industry. Given the multiplier effect, $67.6 billion may have been contributed by the securities industry to the N.Y. economy as compared to the $60 billion estimated earlier.

Table 8

Mean of Expenses Per Employee For Various Type Securities Firms For 1982 and 1983

Time	Total Securities Industry	Top 10	Top 11-25	National Full Line	Large Investment Bank	Small New York Based	Large New York Based	Small Regional	Medium Regional	Large Regional
Mean For 8 Qtrs. of 1982 and 1983	$124,154	$129,367	$118,887	$ 95,826	$280,958	$103,875	$122,629	$ 74,084	$ 86,851	$ 86,610
Mean For 4 Qtrs. of 1982	$117,200	$124,869	$109,590	$ 89,031	$284,858	$ 97,788	$115,693	$ 70,178	$ 81,830	$ 80,519
Mean For 4 Qtrs. of 1983	$131,108	$133,866	$128,184	$102,621	$277,058	$109,961	$129,566	$ 77,991	$ 91,871	$ 92,702
Overall Mean For 1982 Excluding Regionals		$136,972						------		
Overall Mean For 1983 Excluding Regionals		$146,876						------		

Source: The data were developed from FOCUS Reports.

Tax Contribution of The Securities Industry

Tax data from the questionnaires showed taxes of $126 million and $235 million paid to New York City and State, respectively. Using our expansion factors, it is estimated that the securities industry paid New York City taxes of $205 million and New York State taxes of $382 million for a combined total of $587 million paid directly by the securities industry. Applying the multiplier, $2.4 billion in taxes was generated directly and indirectly by the New York based securities industry. Total tax revenues collected by the city and state were $24.3 billion.[7/] Thus, the direct and indirect tax contribution of the New York Securities industry accounted for about 9.9% of all combined tax receipts by the City and State.

It is also instructive to look at the impact of the industry on the tax collections of the City and State in relation to the industry's relative size. At the end of 1983, the industry accounted for about 3.4% of the City's total non-agricultural employment (115,000/3,408,000)[8/]. In 1983, the securities industry contributed directly and indirectly about 13.9% of New York City's total tax receipts ($1,220 million/$8,757 million). At the State level, at the end of 1983, the securities industry represented 1.7% of total non-agricultural employment (122,200/7,285,300), yet directly and indirectly contributed 6.9% of total tax revenues ($1,062 million/$15,445 million). Clearly, the New York based securities industry plays a role well beyond its immediate size in the tax collections of New York City and New York State.

New York as a Financial Center

As we near the end of our analysis, it is appropriate to discuss the position of New York City in the future securities industry.

Some have said that much of the U.S. securities industry is based in New York City because of inertia. Unlike other U.S. industries (for example, steel), there is not any economic or geographic necessity for the industry to be centered in New York City. At one time, the Port of New York and conditions surrounding its development may have been responsible for the City's growth as a financial center. At the present time, particularly in an era of sophisticated electronic telecommunication devices, the focus of the securities industry

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7/Sources of input data: Moody's Municipal and Government Manual, 1984; Employment Review, NYS Dept. of Labor, Division of Research and Statistics, January 1984; and New York State Statistical Abstract, 1983-84.

8/New York State Department of Labor employment statistics.

in New York may be viewed as little more than an historical accident. If the economics of the industry change and costs and competition increase further in importance, the industry focus could well move elsewhere.

The future interplay of costs and competition for New York versus other locations conflict. For while higher costs in New York may favor other locations, most future competitive forces act in New York's favor. On the expense side, New York is at a disadvantage. While at one time it was a NYSE requirement that securities firms be located near the NYSE Clearinghouse, this is no longer so. The proximity requirement became obsolete because electronic processing made it not only possible, but easy for securities firms to clear from any location.

In terms of the possible movement out of New York City, "front-office" operations generally involve considerable face to face communications. However, "back-office" functions, at least at the largest securities firms, have evolved to a point of being highly technologically oriented, and can be located anywhere. At the same time, the energy requirements of these "back-office" functions have increased considerably as have floor space needs. Thus, at large securities firms, there is a trend for front and back-offices to become increasingly separated physically. (Small and medium sized firms usually maintain a close proximity of front and back-offices.)

The fact that most back-office costs, space, taxes, electricity, communications, and labor, are considerably higher in New York City than elsewhere can make a New York location hard to justify for back-office functions. A pattern could develop of large securities firms moving their back-office operations (where a great number of jobs exist) to another location, while retaining other facilities in New York.

The quality of life in a particular location is an important consideration, and taxes, as well as other factors, seem to place New York at a considerable disadvantage in this respect. Finally, if some major firms move out of New York, the critical mass, on which so much of the City's attraction depends, would be threatened and could start to gather elsewhere.

However, for most of the major securities firms, their lease and other real estate commitments make a near-term complete withdrawal from New York highly unlikely. Further, when securities companies look at their competitors' long-term leases and realize that these firms will retain at least a portion of their operations in New York, competitive forces will pressure them to also remain in the City. There are a number of other strong competitive reasons which would make any large-scale withdrawal from New York highly unlikely for any major firm.

No other location can fully substitute for New York. The business revolves around far more than simply the electronic trading of securities. It requires both qualitative and quantitative information and meeting and communicating with other professionals is an indispensible way of obtaining this information. No other location offers the richness in securities industry professionals as does New York. Moreover, the finest in related professional services, such as law, accounting and banking are also in New York. Thus, securities firms are in New York partly because they can get rapid access to the types and quality of information needed. There is even a reasonably effective mass transportation system so that employees who live in close proximity to work can commute easily. For good reasons, while other industries have left metropolitan areas and gone to corporate parks or elsewhere, the securities industry has essentially remained in New York.

While New York City had a decline in population in recent years, it gained in the age group 25-34, the young urban professionals who will likely have more wealth in the future. In Manhattan, this 25-34 age group with a college education had a 12% increase in number from 1970 to 1980. Over 33% of the Manhattan population had four or more years of college by 1980. That education generally translates into affluence in Manhattan is seen by the fact that 8 of the 15 wealthiest individual neighborhoods in the U.S. are located there. This is certainly an important factor in keeping securities firms based in New York.

One important trend with possibly negative consequences for the continued concentration of the securities industry in New York City is the tendency toward more mergers and acquisitions.9/ To the extent that the acquiring firm is based outside of New York, some activities and services may leave the Metropolitan area. However, it is unlikely that such combinations would vacate New York entirely. Moreover, countering this trend is a reversal of the process whereby combinations in the industry bring services to the City. For example, purchases of regional securities firms by National Full Line houses or New York based firms result in greater activity in New York.

9/Concentration, as measured by total revenues and total capital, increased in 1984 resuming an upward trend which was only interrupted in 1983 when favorable market conditions attracted additional firms into the industry. For instance, the top 25 firms accounted for 71.6 percent of total capital in 1983 compared to 64.6% in 1979.

The New York based securities industry will continue to be an important factor in the State and City into the foreseeable future. So long as this trend continues, New York State and City will benefit from the tax receipts and other funds expended by the securities industry. As in any symbiotic relationship, the securities industry will also benefit from the wealth of talented individuals in other professions that live in New York and assist in the everyday business of the securities industry.

Yet, a 1977 study, similar to this one, characterized the industry "as being like a precious gem - small in size but with value beyond expectations. New York may believe this; certainly other states trying to attract parts of the industry do."

Increasingly, customer bases are growing outside of New York City. Furthermore, non-New York Exchanges, both in and outside the U.S., (i.e. Midwest Stock Exchange, London Stock Exchange, etc.) continue to increase their current business and capacity. To keep New York as the "financial center of the world", the City and State must form a partnership with the securities industry that will benefit all parties concerned.

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	June 1985	YEA
AVERAGE DAILY SHARE VOLUME ON		
NYSE (MILS.)*	105.9	
AMEX (MILS.)*	7.1	
NASDAQ (MILS.)*	80.7	
REGIONAL EXCHANGE (MILS.)*	N/A	
DOLLAR VALUE OF SHARES TRADED ON		
NYSE (MILS.)	76,465	47
AMEX (MILS.)	1,864	1
ODD-LOT SHARES PURCHASED ON NYSE (THOUS.)	6,874	4
ODD-LOT SHARES SOLD (INCLUDING SHORT SALES) ON NYSE (THOUS.)	14,261	9
NYSE BLOCK VOLUME AS A PERCENT OF TOTAL SHARES TRADED	52.0	
CONTRACTS TRADED (THOUS.)		
CBOE OPTIONS	11,489	7
AMEX OPTIONS	2,574	1
COMMODITY	13,179	7

* *MONTHLY AVERAGE*

N/A - Data not available

STATISTICS

VOLUME

R-TO-DATE 1985	June 1984	YEAR-TO-DATE 1984	% CHG. Y-T-D 1985 - 1984
107.8	85.9	91.1	18.3
8.3	5.1	6.0	38.3
79.6	53.7	58.3	36.5
N/A	14.1	14.1	- - -
2,973	58,433	388,027	21.9
2,796	1,366	10,245	24.9
1,549	5,586	41,238	0.8
4,393	11,987	80,613	17.1
51.5	51.2	49.8	- - -
,685	10,183	59,197	19.4
,586	2,430	17,459	(5.0)
,400	13,209	77,538	1.1

YIELDS
(MONTHLY AVERAGES)

	June 1985	June 1984	Basis Point Change June 85 - June 84
BOND BUYER INDEX (20 BOND)	8.69	10.7	(201)
CORPORATE BOND YIELDS (MOODY'S)			
Aaa CORPORATE	10.94	13.55	(261)
Baa CORPORATE	12.40	15.05	(265)
RATIO Aaa CORPORATES TO Baa CORPORATES	.88	.90	(2)
MUNICIPAL BOND YIELD (MOODY'S)	8.69	10.67	(198)

PRICES
(END OF MONTH)

	June 1985	June 1984	% Change June 85 - June 84
DOW JONES INDUSTRIALS	1335.46	1132.40	17.93
STANDARD & POOR'S 500	191.85	153.18	25.24
NYSE COMPOSITE	111.11	88.38	25.72
AMEX MARKET VALUE INDEX	230.89	200.08	15.40
VALUE LINE COMPOSITE	200.35	172.74	15.98
NASDAQ COMPOSITE	296.20	239.65	23.60

UNDERWRITING

	First Half 1985	First Half 1984	First Half 1985 - 1984
CORPORATE FINANCING (Gross New Issues-Dollars in Billions)			
Total	57.5	33.2	73.2
Common Stock	11.1	4.3	158.1
# of Common Stock Issues	331	298	11.1
Preferred Stock	3.1	2.2	40.9
# of Preferred Stock Issues	48	34	41.2
Corporate Debt	43.2	26.7	61.8
# of Corporate Debt Issues	581	320	81.6
MUNICIPAL FINANCING (Gross New Issues-Dollars in Millions)			
Total	13,726	10,685	28.5
Notes	2,805	3,790	(26.0)
Bonds	10,921	6,895	58.4

MARGIN DEBT

	1985 June	1984 June	% Change June 85 - June 84
MARGIN DEBT OUTSTANDING ($MILS)	25,260	23,450	7.7
NET CHANGE IN MARGIN DEBT ($MILS)	1,810	5,520	67.2
% OF ACCOUNTS WITH EQUITY UNDER 40%	10	12	- - -

* ALL TIME HIGH

FINANCIAL DATA FOR NYSE FIRMS DOING A PUBLIC BUSINESS
(MILLIONS OF DOLLARS)

	First Quarter 1985	Yr.-To-Date 1985	First Quarter 1984	Yr-To-Date 1984	% Change 4th Q.1985 4th Q.1984	Yr.-To-Date % Change 1985 - 1984
REVENUE						
SECURITIES COMMISSION INCOME	$2,167	$2,167	$1,972	$1,972	9.9%	9.9%
TRADING PROFITS	2,345	2,345	1,947	1,947	20.4	20.4
UNDERWRITING	700	700	553	553	26.6	26.6
TOTAL REVENUE	8,970	8,970	7,944	7,944	12.9	12.9
TOTAL EXPENSES	8,037	8,037	6,947	6,947	15.7	15.7
NET INCOME BEFORE TAXES	933	933	497	3,497	87.7	87.7
PERCENT OF FIRMS SHOWING LOSS	17.1%	17.1%	31.3%	31.3%	---	---

RECENT INTERESTING READING AND STATISTICAL MATERIAL

ITEM	DESCRIPTION	SOURCE
The New York Securities Industry: Its Contribution To New York State and City	This recent study, conducted by Professor Allan Young of Syracuse University, concludes that the New York securities industry has a significant impact on the State and City economies. For instance, the study finds that the industry contributes directly and indirectly almost 10% of all taxes collected by the City and State. Additionally, one in six private sector jobs was created by the securities industry.	Publications Department SIA $30 Members, $50 Others
Comparison of Individual Taxation of Capital Gains on Portfolio Stock Investment in Seventeen Countries	SIA/Arthur Andersen study summarizes and discusses major differences in tax treatment of capital gains. Despite major changes, the U.S. tax treatment of capital gains is still generally harsher than that of other countries. Quick reference tables comparing tax rates and holding period in eleven major industrial countries and Pacific Basin.	Publications Department SIA $10 per copy
Securities Industry Yearbook 1985-86	Sixth annual edition of vital statistics on over 500 SIA member firms and industry. This 640-page hardcover book includes: rankings of firms, directory of members and industry and market data.	Yearbook Department SIA $50 Members $85 Others
Same Day Funds Settlement For Securities Transactions: A Research Report	Report of Task Force created by FISC to analyze the business issues affecting conversion to a uniform Same Day Funds Settlement environment for all securities transactions. Five-part book includes: 1. Executive summary; 2. History; 3. Description of current settlement practices; 4. Current system issues; and 5. Overview of findings and conclusions.	SIA Publications Department

"Banks and nonbanks: The horse race continues"	Article examines competition in financial services over the past few years and analyzes how the financial services operations of non-deposit-based firms have fared relative to each other. Of several concluding observations, the following is deemed the "safest": the banking industry has shown an amazing degree of resiliency in the face of change.	Economic Perspectives Federal Reserve Bank of Chicago
"First Half 1985 Corporate Finance Rankings"	Comprehensive rankings of top 15 book managers by: world-wide, domestic, and Euro-market underwritings; underwriting commitments; and various types of instruments. Reviewing first half underwriting volume since 1981 finds the all issues category in 1985 just shy of 1983's record, $59.0 billion versus $57.5 billion.	Investment Dealers' Digest 7/8/85
"The Case for Ending the Capital Gains Tax"	Author explores the case against the capital gains tax on both economic and equity grounds. He details strong reasons for going further than just advocating a lower rate or indexing capital gains.	Financial Analysts Journal May-June 1985
"What will the bank dicks do now?"	Quick review and assessment of current status of the U.S. banking system. Authors' solution: Deregulate all the way, with risks to match. If left to function freely the market can take care of irresponsible madmen long before regulators can stop them.	Forbes 7/1/85
"Major Tax Proposals Before the 99th Congress"	Report summarizes the major "revenue neutral" tax restructuring plans and revenue-raising tax proposals that have emerged from the Administration and Congress in 1985. Significant features affecting both individuals and business are highlighted in concise format.	American Council for Capital Formation 1850 K Street, N.W. Washington, D.C. 20006
"Marathon Markets"	Article reviews pros and cons on 24-hour markets from viewpoints of exchanges, regulators and brokers.	Registered Representative July 1985